HEALTH & BEAUTY AIDS

Hot Mousse Items Uplift Biz, Profits

By CHARLES BOWLUS
Vice President,
Boston Distributors

The hottest news in the health & beauty aids department is the astounding success of the mousse category.

This exciting segment of the hair care market is a leading contributor to H&BA growth as new users are affording retailers plus sales.

We have witnessed a decline in hair sprays as a result of consumer changeover to mousse, with a positive impact on both sales and profits as price points and margins on the new category are significantly higher than those afforded by hair sprays.

Helene Curtis is the big winner thus far in '85 as its Suave Extra Control mousse took our top spot, outselling No. 2, Vidal Sassoon Extra Hold, by nearly a 2-to-1 margin.

L'Oreal fell to No. 4 with its extra control put-up and dropped all the way down to No. 14 with its normal formulation. Breck, at a price point between Suave and the high end, jumped up to our No. 5 slot and Alberto captured the No. 7 and No. 12 positions.

Faberge's Aqua Net, which is being featured at $1.19, advanced to No. 9 and is expected to do even better as it competes with Suave and Clairol in the low-end segment.

Perma Soft, riding on its tremendous success in the shampoo/conditioner market, is introducing the first alcohol-free mousse. Perma Soft will do well as its formulation will not dry out the hair as its competitors have a tendency to do.

When the first mousse products came on the market, many retailers didn't know if they belonged with hair sprays or with setting lotions. We now see that sales and growth trends warrant a separate 4-ft. section for the category, which should be adjacent to hair sprays.

We also recommend frequent and heavy promotional support.

We are beginning to see a proliferation of sku's in the gel and fixative segment which rivals that experienced with mousse. While this market is a growing one, retailers should be wary of adding too many gels as the sales base is not broad enough to support all of the offerings.

Promotional support and shelf space should be limited to approximately 10% of that devoted to mousse so as to maximize turnover and to assure that the big growth opportunity of mousse is not inhibited.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MOUSSES			
1	Suave Mousse Extra Control, 5 oz	26,458	1.99	52,651.42
2	Vidal Sassoon Mousse Extra Hold, 6 oz	8,568	3.29	28,188.72
3	Suave Mousse Soft Control, 5 oz	13,183	1.99	26,234.17
4	L'Oreal Free Hold Mousse Ex Cont 5 oz	6,174	3.29	20,312.46
5	Breck Mousse Extra Styling, 5 oz	7,460	2.69	20,067.40
6	Vidal Sassoon Mousse Regular Hold, 6 oz	6,086	3.29	20,022.94
7	Alberto Mousse Extra Control, 5.5 oz	5,442	3.29	17,904.18
8	Jheri Redding Mousse Lemon, 6 oz.	5,238	3.29	17,233.02
9	Aqua Net Mousse, 5 oz	13,850	1.19	16,481.50
10	Jheri Redding Mousse Chocolate, 6 oz	4,500	3.29	14,805.00
11	Jheri Redding Mousse Normal, 6 oz	4,067	3.29	13,380.43
12	Alberto Mousse Normal, 5.5 oz	4,009	3.29	13,189.61
13	Dippity Do Extra Hold, 8 oz	4,871	2.59	12,615.89
14	L'Oreal Free Hold Mousse Norm Cont 5 oz	3,779	3.29	12,432.91
15	Vidal Sassoon Styling Gel, 4 oz	3,276	3.49	11,433.24

Source: Boston Distributors, Maple Heights, Ohio, for Jan. 1, 1985, through May 17, 1985. Boston supplies over 750 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

Sassoon shampoo and rinse, often grouped in ads, get a boost in this Target ad with the most recent addition of mousse and gel, also priced at $1.99. Ad page also features 99¢ toothbrushes decorated with Muppet characters.

Why does Amity outsell other wallets?

Amity keeps out-selling the competition year in and year out.

For a number of profitable reasons.

Amity is the only brand in its market that consistently advertises nationally, so customers are on the lookout for our products.

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Amity's high-quality products are made right, right here in America, which is important to your customers.

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In fact, no other manufacturer of personal leather goods offers you a more complete package of products, promotions and support.

Find out first hand why Amity's in first place by stocking plenty of profitable Amity products.

You'll make money hand over fist.

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Giving you more for the money.™

Blades, Razors Got $680M Slice in '84

BOSTON — Retail sales of blades and razors in the United States totaled $680 million last year, according to a Gillette consumer study report.

The bulk of the business, $646 million, came from sales of blades, including disposable razors, with the remaining $34 million from the razor market.

However, unit movement in the blade and razor industry for 1984 remained flat at two billion for blades and 15 million for razors.

The study segmented the blade and razor market into two categories: disposables and permanent systems which require replaceable blades, blade cartridges and injector refills.

Combined, cartridges, blades and injector refills used with permanent razor handle systems take the majority of the razor and blade business, accounting for 57% of total blade units sold and 65% of total dollars generated at retail.

In that segment, cartridges have the largest share of the permanent systems sold, accounting for 31% of sales in the retail blade market. Double-edge blades generate 8% of total sales in the blade market.

Rising Trend

In unit sales, disposables make up 43% of the blade and razor market, an increase from a 38% share in 1983. Sales in these disposables were 35% of the total blade and razor market in 1984, up from 32% during the previous year.

The study also noted that 78% of all male shavers, age 15 and over, shave with razors or blades; electric razors are used by 22% of male shavers. The study estimates that 90% of all men in this country age 15 and over, or 78 million, shave regularly.

Also, 92% of all women, age 13 and over, who shave regularly, use a blade razor product, of which 76% use products targeted for men.

The study has determined that over 78 million women, age 13 years and older, shave regularly, representing 79% of the female population.

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Discount Store

THE NEWSPAPER OF DISCOUNT RETAILI

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% of Shoppers Who Prefer Discount Stores For . . .

Category	March 1985	March 1984	Percentage Point Change
Toys	40%	31%	+ 9
Housewares	39	NA	–
Small Appliances	36	NA	–
Children's Clothes	31	NA	–
Sheets and Towels	31	NA	–
Sporting Goods	22	19	+ 3
Casual Clothes	19	9	+10
Hardware	18	NA	–
Consumer Electronics	17	13	+ 4
Auto Supplies	13	13	–
Dressy Clothes	7	6	+ 1

NA: Not available *Source: DSN/Leo J. Shapiro & Associates*

Discounters to Hit $115.6B; Specialty Chains Are Hot

Nationwide DSN Report

Discounters will hit the $115.6 billion mark in sales this year, spurred on primarily by growth in the specialty store sector, where gains are expected to run nearly 20% over last year's sales.

Discount department stores are projected to register a 2%-3% rise in sales over the previous year.

The past year has been characterized by a continuing consolidation of the discounting industry, as major chains grew larger, both through acquisition and/or diversification into alternate forms of retailing. One particularly noteworthy development was the rise of membership warehouse clubs; five of them achieved sales of more than $100 million in their most recent fiscal year, topped by The Price Club's $1.16 billion.

The rise of the big chains is also illustrated by a comparison with last year's listing of the Top 100 chains. A year ago, the 100th chain on the list had annual volume of $75 million; this year, the bottom-ranked chain had sales in its most recent year of $102 million.

Catalog showrooms, which are expected to achieve sales about even with last year's $8 billion, have been among the most affected by consolidation. The big move was Service Merchandise's purchase of H. J. Wilson and Ellman's.

On the current Top 100 list, Service holds a solid eighth place position with its $1.6 billion in sales. With the addition of Wilson's $521 million and Ellman's $75 million in their most recent fiscal years, Service would vault to a virtual fifth place tie with Zayre at $2.2 billion—also placing it neck and neck with Best Products for leadership in the catalog showroom industry.

Off-price apparel merchants are expected to show a solid 8% growth this year, to $9.3 billion in sales. That category is led overwhelmingly by Marshalls and T. J. Maxx, with sales of $1.2 billion and $650 million, respectively, in their most recent fiscal years.

The consolidation theme is readily apparent among discount department stores. Among significant developments over the past year were Fred Meyer's purchase of Grand Central Stores; Zayre's acquisition of Gaylords and the recent purchase of G. C. Murphy by Ames. In addition, Bradlees recently acquired 18 Philadelphia-area Jefferson Ward stores.

Major discount department store operators have also been increasing their diversification efforts into alternate kinds of retailing. K mart, the top discounter, has been steadily adding to its Payless Northwest, Builders Square home centers, Waldenbooks and Designer Depot operations.

(Continued on page 15)

Discounters Add Patrons, Particularly For Apparel

NEW YORK — Consumers perceive that full-price retailers are less promotional than a year ago, which is driving more shoppers to discounters—particularly for apparel.

At the same time, discounter efforts to strengthen apparel merchandising are taking hold. More than twice as many of the nation's shoppers as a year ago —19%—say they prefer to buy casual clothes at discounters, according to a recent nationwide survey conducted for *Discount Store News*.

This marked shift toward discounters as a preferred place to buy casual clothes helped trigger a considerable gain by discounters in their total share of discount-price-seeking customer traffic.

Today, discounters capture 56% of customers for merchandise sales at less than full price—up from 37% last year, when department stores snared 9% and Sears, J. C. Penney and Montgomery Ward got a combined 54%.

This third national consumer survey was conducted for *Discount Store News* by Leo J. Shapiro & Associates, Chicago. A total of 2,250 households were polled on their shopping habits for discounted merchandise in 11 product categories.

Overall, 70% of the nation's households said they usually pay less than full price for goods in the categories studied, including: electronics, toys, sporting goods, automotive supplies, children's clothes, hardware, housewares, appliances, casual and dressy apparel, sheets and towels. That's up from 66% a year ago.

Discount department stores scored their greatest gains in customer support in the area of casual clothes and toys.

In the most recent survey, 19% of shoppers polled said they prefer to buy casual clothes at discount department stores, more than double last year's 9% response; toy "fans" rose to 40% from 31% in the past year. Only the auto supply category didn't gain in consumer acceptance, cited by 13% of consumers polled in both 1984 and 1985.

Toys (40%) also headed the list when shoppers were asked what merchandise they prefer to buy at discount department stores, followed closely by housewares (39%) and small appliances (36%). Dressy apparel finished last with only 7% of the interviewees naming discounters as a shopping source.

That consumers today expect to pay less than full price at every kind of retailer outlet was clear: The study showed that 3 out of 4 Ward, Sears and Penney shoppers are used to paying and expect to pay less than full price for the merchandise categories studied. The same holds true for nearly 2 out of 3 department store shoppers and more than 50% of specialty store shoppers.

(Continued on page 4B)

Remerchandised Chain Maps Major Expansion

Single Caldors to Invade Philly, D.C.

NORWALK, Conn. — A remerchandised Caldor is headed for two new East Coast markets late this fall.

Single-unit entries into Philadelphia and Washington, D.C., markets will lay the groundwork for major expansion as part of a two-tier growth plan chairman James Guinan and president Leonard Williams have mapped for the $1.3 billion chain.

The market entries in Philadelphia and Washington will place Caldor in two markets already being tackled through multistore moves by its most direct upscale discount store competitor—Bradlees.

The Guinan/Williams management team, reunited at Caldor nine months ago after a similar partnership at Gold Circle in 1983, is after two things:

First, to expand the chain by building up areas around its southern-most existing market—Baltimore. Fill-ins in the new markets of Philadelphia and Washington, combined with additional openings on Long Island, will fuel 10 to 20

(Continued on page 131)

IN BRIEF

- **COOK UNITED HAS SIGNED A LETTER OF INTENT TO recapitalize under a plan that will give New York-based Retail Strategies Inc. control of the discounter. Creditors had earlier approved an RSI plan over one offered by a unit of Vancouver-based First City Financial Corp.**
- **GERALD KANTER HAS BEEN NAMED PRESIDENT OF Marshalls, Melville Corp.'s off-price apparel chain. Kanter recently resigned as president of Ames department stores. At Marshalls, he replaces Frank Brenton, who was made chairman, a new position.**

'85 Discount Store Census

- *Chain Analysis: Pp. 15-88*
- *Top 100 Discounters: P. 17*
- *Merchandising Analysis: Pp. 91-123*

Index

Classified	124-130
Discounter Management Development Series	130A
Editorial Page	9
Executive Changes	13
Manufacturer News	130
Stock Update	4

Consumers' Appetite Grows For Discount Shopping

(Continued from page 1)

One trend emerging in the most recent study is that consumers believe that full-pricers have begun scaling down their sales in order to protect their identity and not become upscale versions of a discount store.

As examples, only 24% of shoppers for casual clothes reported the department store they prefer to shop usually sells those goods at a discount, down from 37% last year. The slowdown in full-pricer sales was also spotted in hard goods: 50% said the same about consumer electronics in 1985, down from 73% the year before.

Overall, just 21% of shoppers polled said their favorite department stores usually discounted the merchandise they want to buy, compared to 35% a year ago. For Sears, Penney and Ward shoppers, the downtrend was the same, falling to 31% from 55%, and for nondiscount specialty stores, to 41% from 52%.

Discounters have been able to strengthen their standing, in part because consumers believe full-pricers' pricing competitiveness is lagging, and also because they're becoming increasingly attuned to discounters' way of doing business.

Survey findings show that discounters are successfully maintaining their low-price image while boosting their status as merchants of name-brand and quality goods.

When shoppers were asked to rank reasons why they shop discounters, variety and merchandise quality copped the No. 1 and 2 spots—surpassing low prices as the prime purchase motivator. Sales promotions ranked fourth, while availability of name-brand goods rose to No. 6 from an earlier study.

Consumers are more aware of discounters' brand-name offerings thanks to increased promotional advertising. However, the intensified sales promotions in the first quarter were partly triggered by high inventories carried over from a disappointing Christmas season, so it remains unclear as to whether this marks the start of a long-term escalation in discounter advertising.

One result of the advertising is clear, however: sales traffic appears to be shifting from the full-price retailer to the discounter.

In March, consumers made 36% of shopping trips for sales to discounters, up from 25% a year earlier. Full-pricers felt the full brunt of that, accounting for 64% of sale-induced trips, down from 75% a year ago.

Ads also pulled a greater number of shoppers, according to the survey. In the most recent polling, 46% of shoppers who noticed sales actually shopped them, compared with 39% a year earlier.

Discounter sales apparently have more credibility than those of full-pricers, which consumers associate with clearances and leftovers.

Shoppers felt discounters offered better sale prices, by a 47% to 41% margin, and better selection, by a 36% to 29% margin. However, full-pricers still held the edge on quality of sale merchandise, by a 23% to 16% margin.

"This means that for discounters to hold the gains they've made, they'll increasingly have to respond to consumer concerns about quality. Growing acceptance of the discounter . . . suggests that consumers hope to find acceptable merchandise quality at the discounter, and to avoid trade-offs of quality for price that compromise the standard they are trying to achieve," the study said.

"The effort being made . . . to shift the consumer's attention toward quality by testing price points and by introducing brands, labels and designers appears timely. Current industry momentum should make it increasingly possible for discounters to compete for significant brands," it added.

Consumers Rank Benefits of Shopping at Discounters

Ranking	Advantages
1.	Variety/Selection
2.	Quality
3.	Reasonable prices/ lower prices
4.	Sale periods
5.	Good return policy
6.	Carry name brands
7.	Good service
8.	Location closer to home
9.	Buy when need, don't like shopping around

Source: DSN/Leo J. Shapiro & Associates

Retailers' Share of Discount-Seeking Traffic

Store Type	March 1984	March 1985
Discount Department Store	22%	33%
Discount Specialty Store	13	18
Catalog Showroom	4	5
Discounter Total	39	56
Full-Price Retailers	61	44

Source: DSN/Leo J. Shapiro & Associates

% of Shoppers Who Usually Pay Less Than Full Price For . . .

Category	March 1985	March 1984	Percentage-Point Change
Sheets and Towels	86%	NA	—
Consumer Electronics	83	80	+3
Small Appliances	79	NA	—
Housewares	78	NA	—
Toys	75	70	+5
Children's Clothes	74	NA	—
Casual Clothes	73	64	+9
Sporting Goods	71	73	−2
Hardware	64	NA	—
Dressy Clothing	58	55	+3
Auto Supplies	57	54	+3
Average Who Usually Pay Less Than Full Price	70	66	+4

Source: DSN/Leo J. Shapiro & Associates NA: Not Available

Retailer Shopped for Sale

	March 1985	March 1984
All Who Shopped Sale in Past Month at . . .	100%	100%
Full-Price Retailer	64	75
Discounter	36	25

Source: DSN/Leo J. Shapiro & Associates

Impact of Sales

	January 1985	January 1984
Consumer Noticed a Sale in Past Month	87%	86%
Shopped	46	39
Not Shopped	41	47

Source: DSN/Leo J. Shapiro & Associates

Electronic Retailing

(Continued from page 3)

for example, has a handful of machines in operation, three in a company "store" in a Lancaster, Pa., shopping center, and the rest being tested in a few supermarkets.

ByVideo's UniPort is being tested by Avon, while Electronistore, so far, hasn't placed any machines with any retailers.

CompuSave has "arbitrarily selected" $60 million and $150 million as "sales thresholds" for the fiscal years ending May 1986 and May 1987, according to a recent prospectus.

That prospectus was for 278,000 shares of 8% cumulative convertible preferred stock, an offer that the company itself underwrote and which raised $5,564,000, with $5,125,800 going to the firm to fuel its operations for at least a year. If cash flow from operations doesn't meet expectations, CompuSave could have to resort to bank, equity or debt financing, the prospectus added.

The figures "aren't projections of future sales," stresses Richard Smith, director of corporate affairs, but are what the company "feels are easily obtainable goals."

Those figures represent a combination of sales of Touch-n-Save machines and merchandise, but no breakdown was available. The company recently started its retailing operation and was manufacturing seven to 10 machines a day, with 20 a day as its goal (on a five-day working shift).

The Touch-n-Save program, which costs retailers $7,500, includes an AMM-1000 machine and complete software and marketing support.

Retailers, in turn, receive 5% of the sales from each machine in their stores which CompuSave projects will generate $200 a day in volume.

This figure is based on CompuSave's market research, including tracking of sales from about a dozen pilot machines during a test last fall in Cleveland, Indianapolis and Los Angeles. The test showed that each unit handled four transactions a day, with each sale averaging more than $50.

The software support consists of the laser videodisc, which contains the merchandising programs that currently offer 2,800 sku's in 24 hard goods departments, along with maintenance of the entire Touch-n-Save system.

Under present plans, the videodisc will be updated every three months and eventually every 30-60 days. Each videodisc costs CompuSave $6 to produce.

The marketing effort involves TV and print ads, including flyers that list goods on promotion. The flyers are housed in a pocket in the side of the AMM-1000.

The stock offer played a major role in CompuSave's becoming an operational retailer and manufacturer, as almost all of the $5.1 million will be used for merchandise, marketing and production of the AMM-1000s.

Of the total, $1.5 million will be used for inventory that is being stocked in a 40,000-sq.-ft. warehouse opened here about a month ago. CompuSave didn't own any mechandise when it started in mid-1983, planning to offer goods warehoused by the Costco membership warehouse and the B. A. Pargh wholesale arm of cataloger Service Merchandise.

When continuity and variety of merchandise problems arose, CompuSave decided to become a retailer and hired a retailing staff, and began purchasing goods. Its inventory amounted to $321,425 as of Feb. 28, the end of its fiscal third quarter.

That merchandise position covered the pilot Touch-n-Save program prior to the start of CompuSave's all-out merchandising and market effort which began in the spring.

One half million dollars from the stock offer will be used for merchandise promotions and marketing of the AMM-1000s.

Another $1,125,000 will be used for components to assemble the machines and help to speed up production, while $1,100,000 will be used for a variety of capital equipment needs: items to test the AMM-1000, program the videodisc, upgrade the mainframe computer that runs the Touch-n-Save system and warehouse and office equipment.

Three hundred and seventy-five thousand dollars is down for videodisc production and programming costs, including updating the master videodisc.

The remaining $525,800 will be used for working capital.

Besides opening the warehouse, CompuSave also moved into an adjacent 35,000-sq.-ft. office and manufacturing plant that replaced its older 14,400-sq.-ft. facility.

Sales of the AMM-1000 mark a sharp departure from CompuSave's plan to lease the units. The change was made, Smith said, for three reasons:

Retailers' ownership of the machines would give them a direct interest in the success of the Touch-n-Save system, including spotting the AMM-1000 in a high traffic location for maximum consumer use.

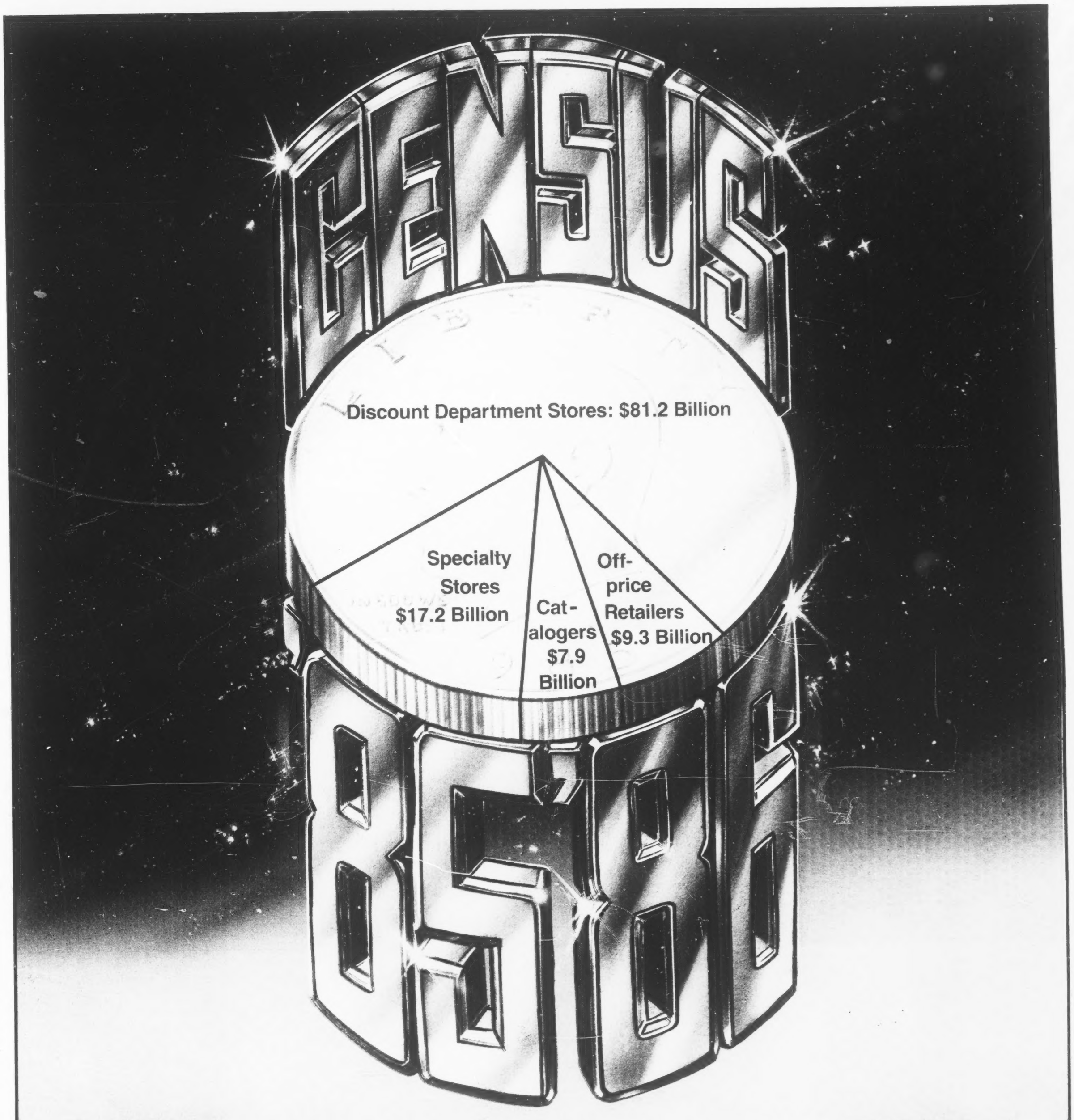
Sale, he added, also would enable CompuSave to more quickly recover its research and development and manufacturing costs. Its developmental losses through Dec. 31, 1984, were approximately $1,528,000, according to the prospectus.

Finally, selling the machines meant that CompuSave would be treated as a distributor by merchandise manufacturers, able to buy at the lowest possible wholesale price.

This purchasing, Smith said, will allow CompuSave to offer merchandise at 25% to 50% below traditional retail costs. A recent flyer included a guarantee to consumers that "our prices are the lowest or we'll pay you double the difference if you find a lower advertised price in your areas within 30 days after you've made your purchase."

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY


Discount Department Stores: $81.2 Billion
Specialty Stores $17.2 Billion
Cat-alogers $7.9 Billion
Off-price Retailers $9.3 Billion

The Discount Marketplace: $115.6 Billion

(Continued from page 1)

Second ranked Wal-Mart, while still adding more than a hundred stores this year to its base discount department store business, is also planning a dozen Sam's Warehouse Club units, bringing that operation to 23 outlets.

Another discounter which has moved into the membership warehouse club field is Zayre, which in the past year opened the doors of its first BJ's Wholesale Club units, and expects to end the current year with six.

Service Merchandise is also stepping up the expansion pace for its MR. HOW Warehouse home center chain.

Expansion is also the name of the game among the leading specialty discount chains. Toys "R" Us, which continues to dominate toy specialists, this year cracks the 200-store mark on the way to a projected 233 by year's end.

Among consumer electronics chains, the big get bigger. Circuit City's unit count will drop due to the expiration of about 30 leases for departments in Zodys stores, but the company this year is beginning a major move into the Los Angeles market.

At the same time, Highland Superstores, fueled by funds generated from its initial public offering, is embarking on a rollout of a planned 15 stores in the Houston and Chicago markets by the middle of next year.

The Federated Group will focus its store openings this year in its original California-Arizona markets and its building south central region.

The two top sporting goods chains are also slated for further growth. Herman's plans to add 12 stores this year, and continue development of its fledgling Total Sports chain. Oshman's has 20 new stores on the books for the current year.

After a year in which store count dropped by 314, the top 10 automotive chains are planning a net gain of 120 stores for the current year.

Section Highlights

Industry Analysis: The Key Players..... 15-88

Top 100 Discount Chains..... 17
Profiles:
The 10 Largest Chains..... 62-88
Metro, State Concentrations .. 31, 47
Regional 25

Top 25 Specialty Discount Chains .50
By Industry Segment 59-60
Top 10 Catalog Showrooms 59
24-Year History of Discount Dept. Stores 20

Merchandise Analysis: The Key Departments .. 91-123